

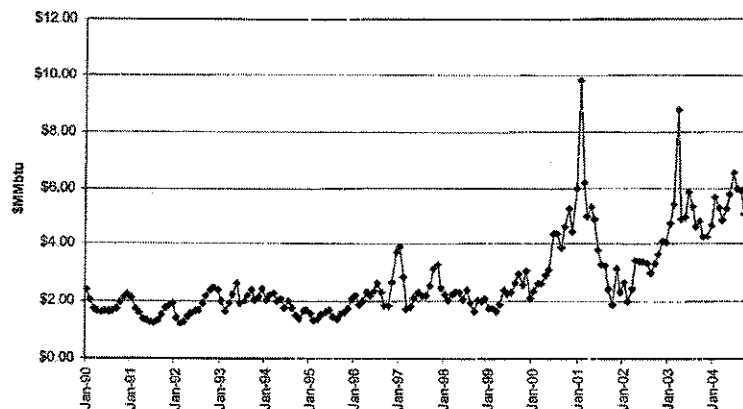
Congress of the United States

Washington, DC 20515

May 9, 2005

What's Wrong with this Picture?

Natural Gas History
Monthly Averages - 1990 -- Current ¹



Dear Colleague,

Natural gas prices are skyrocketing, at the expense of consumers, farmers, and manufacturers. Natural gas provides about 24% of US energy consumption, second only to oil, and in this time of increased demand something needs to be done to decrease the price. Co-sponsor **HR 1638**, The Commodity Exchange Improvements Act of 2005, introduced by Rep. Graves (R-MO) and Rep. Barrow (D-GA) – the only short-term solution to skyrocketing and volatile natural gas prices. This bipartisan legislation reinstates the basic elements of CFTC oversight of the natural gas market that were dropped in 2000, in order to stop the market manipulation currently driving the price skyward.

Help the nation's consumers:

- About 55% of US homes use natural gas for heating
- Over 90% of all new power plant construction intends to rely on natural gas – it won't be long before natural gas is the primary source of residential electricity.

Help the nation's farmers:

- Because natural gas is the only economically feasible raw material used in producing fertilizer, it is the largest cost component, accounting for more than 90% of the cash cost of production.
- Fertilizing with nitrogen last spring cost farmers \$8 to \$20 more an acre.
- Since mid-2000, when the natural gas crisis began, 11 ammonia plants, representing 21% of U.S. capacity, and four methanol plants, representing 34% of

U.S. capacity, have been permanently closed. These plants produce the ingredients for fertilizer.

Help the nation's manufacturers:

- Manufacturers are the largest consumers of natural gas, comprising 36.3% of total consumption.
- High domestic natural gas prices increasingly affect all manufacturers' electricity costs as well, because natural gas is now used to generate over 16% of the nation's electricity, with 66% more natural gas going to generate electricity in 2001 than in 1990.

Ask a family, ask a farmer, ask a manufacturer. They'll all say the same thing – natural gas prices are skyrocketing! Don't sit by idly while the natural gas market gets cornered at the expense of your constituents. Co-sponsor **HR 1638**.

Sincerely,



Sam Graves
Member of Congress



John Barrow
Member of Congress